

Also enclosed is a check in the amount of \$10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
December 23, 1985
Page Two

Kindly return two stamped copies of the enclosed document to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006 or the bearer hereof.

A short summary of the enclosed primary document to appear in the Commission's Recordation Register is:

Mortgage, Assignment, Security Agreement and Financing Statement dated as of December 23, 1985 by and between Chicago Central & Pacific Railroad Company and General Electric Credit Corporation covering locomotives, boxcars, hopper cars, gondola cars, cabooses and other miscellaneous railroad rolling stock.

Very truly yours,



Charles T. Kappler
Attorney for the purpose of
this filing for:

Chicago Central & Pacific
Railroad Company

Interstate Commerce Commission
Washington, D.C. 20423

12/24/85

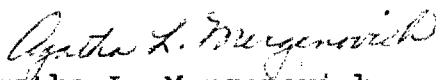
OFFICE OF THE SECRETARY

Charles T. Kappler, Esq.
Alvord & Alvord
918 16th Street, N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/24/85 at 11:15am , and assigned recordation number(s). 14868

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

14868

DEC 24 1985 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

MORTGAGE, ASSIGNMENT, SECURITY AGREEMENT AND FINANCING STATEMENT, dated as of December 23, 1985, by and between CHICAGO, CENTRAL & PACIFIC RAILROAD COMPANY, a corporation organized and existing under the laws of the State of Delaware (hereinafter called the "Railway Company"), and GENERAL ELECTRIC CREDIT CORPORATION, a corporation organized and existing under the laws of the State of New York (hereinafter, in its capacity as mortgagee, together with its successors and assigns, called the "Mortgagee").

WHEREAS the Railway Company has been duly organized under the laws of the State of Delaware; and

WHEREAS the Railway Company pursuant to a Purchase and Sale Agreement made as of the 1st day of April 1985, by and between Illinois Central Gulf Railroad Company (hereinafter called "ICG") and the Railway Company (as amended to the date hereof, hereinafter called the "Purchase and Sale Agreement") proposes, promptly after execution and delivery hereof, to acquire and operate certain lines of railroad and other properties now owned by ICG and located in the States of Illinois, Iowa and Nebraska; and

WHEREAS the Railway Company, for the purposes of acquiring said lines of railroad and certain other property and rights appertaining thereto and in order to provide for other proper corporate purposes, present and future, has determined to create and issue, in the manner and form provided by a Note and Warrant Purchase Agreement, dated as of December 23, 1985 (hereinafter called the "Purchase Agreement"), between the Railway Company and General Electric Credit Corporation (hereinafter, other than in its capacity as mortgagee, together with its successors and assigns, called "GECC"), certain notes to be known as the Series A Senior Notes due 1995 of the Railway Company in the original aggregate principal amount of \$65,000,000 and the Series B Senior Notes due 1995 of the Railway Company in the original aggregate principal amount of \$10,000,000 (hereinafter collectively called the "Notes"); and

WHEREAS in order to provide for and to secure the obligations evidenced by the Notes and all other obligations of the Railway Company under the Purchase Agreement and hereunder, to GECC, and otherwise, the Railway Company, in

pursuance of resolutions of its Board of Directors duly adopted by the unanimous affirmative vote of the entire Board, at a meeting thereof duly called and held in accordance with law and with the by-laws of the Railway Company, and in pursuance of resolutions adopted by the unanimous affirmative vote of the holders of the entire outstanding capital stock of the Railway Company, given at a meeting of the stockholders duly called and held for that purpose in accordance with law and with the by-laws of the Railway Company, has determined to execute and deliver to the Trustee a mortgage, assignment, security agreement and financing statement and, at said meetings of the Board of Directors and of the stockholders of the Railway Company, the form of this Mortgage, Assignment, Security Agreement and Financing Statement (hereinafter called this "Mortgage") was approved and the execution and delivery of this Mortgage duly authorized and directed; and

WHEREAS all requirements of law and of the charter and the by-laws of the Railway Company have been duly complied with, and all things necessary to make the Notes, when executed by the Railway Company, the valid and binding obligations of the Railway Company, and to make this Mortgage a valid and binding mortgage, assignment, security agreement and financing statement for the security of the Notes and such other obligations, have been done and performed;

NOW, THEREFORE, WITNESSETH that in order to secure the payment of all the Notes at any time issued and outstanding under the Purchase Agreement, according to their tenor, purport and effect, as well the interest and any premium thereon, and to secure the payment of all other obligations provided in the Purchase Agreement, the Notes and this Mortgage and the performance and observance of all the covenants and conditions therein and herein contained (all such obligations to pay, perform and observe being hereinafter called the "Obligations"), and for and in consideration of the premises and of the purchase of the Notes by the holders thereof, and of the sum of One hundred Dollars, lawful money of the United States of America, to the Railway Company duly paid by the Mortgagee at or before the execution and delivery of this Mortgage, the receipt whereof is hereby acknowledged, the Railway Company has executed and delivered this Mortgage, and has mortgaged, granted, bargained, sold, aliened, remised, released, conveyed, confirmed, pledged, created a security interest in, assigned, transferred, warranted and set over (collectively, "Mortgaged"), and by these presents does mortgage, grant,

bargain, sell, alien, remise, release, convey, confirm, pledge, create a security interest in, assign, transfer, warrant and set over (collectively, "Mortgage") unto the Mortgagee, its successors and their respective assigns in trust, all estate, right, title and interest to or in respect of the following real and personal property (hereinafter collectively called the "Collateral"), subject to the terms and conditions contained herein:

FIRST. Any and all property and rights of every kind and description acquired or to be acquired as hereinbefore recited by the Railway Company from ICG under the Purchase and Sale Agreement, including the lines of railroad and other properties and rights described in Annex I to this Mortgage.

SECOND. Any and all property and rights, of every kind and description, owned, acquired or to be acquired by the Railway Company on the date of the execution and delivery of this Mortgage, or thereafter acquired by it, or held or acquired for use or used upon or in connection with, or appertaining to, any of the lines of railroad or other property which, or any right, title or interest in which, shall at any time be subject to this Mortgage, including, without limitation, the property and rights of the Railway Company described in Annex II to this Mortgage and:

(a) all lands, rights of way, roadbeds, station and depot grounds, all inclines, tunnels, culverts, spurs, tracks, turnouts, switches, sidings and turntables, all superstructures, bridges, stringers, ties, rails, frogs, chairs, bolts, tie plates, splices, signals and signal apparatus, interlocking devices and other railroad appurtenances, all telegraph, telephone and electric power transmission lines, including all wires, cables, poles, batteries, conduits, ducts, viaducts, cross overs, anchors, subways, power plants, turbines, flumes, pipes, generators, motors, switchboards and other instruments, all stations or facilities for wireless communication and signalling, all depots, roundhouses, terminals and terminal property and facilities, all station houses, office buildings, warehouses, elevators, freight houses, engine houses, car houses, repair shops, tower houses, yard buildings, water stations, water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, machine shops and other structures, all engines, tenders, cars, buses, trucks and other rolling stock and equipment (and equity therein), all walls, fences, wharves,

docks, piers and landings, steamers and steamships, ferries, boats, barges, tugs and other floating equipment, all machinery, tools, implements and other railroad appliances, apparatus and facilities, materials and supplies, and all other physical property held or acquired for use or used upon or in connection with, or appertaining to, any of said lines of railroad or other properties; and

(b) all corporate rights, privileges, immunities and franchises, powers, licenses, easements, rights-of-way, leases of lines of railroad or other property, leasehold rights, trackage, terminal, running and traffic rights, interests, including oil, gas and other mineral interests and rights, benefits, advantages, privileges, contracts and general intangibles (as that term is used in the applicable Uniform Commercial Code), and all other agreements, appurtenances and rights, and all renewals and extensions thereof, and any and all warranties and other rights the Railway Company may have against dealers, manufacturers, contractors or subcontractors, the right to compel performance of the terms of any of the foregoing and all rights to exercise any election or option or to make any decision or determination or to give any notice, consent, waiver or approval thereunder or in respect thereof or any part thereof as well as all rights, powers and remedies of the Railway Company arising thereunder or by statute or at law or in equity, or otherwise arising out of any default or breach thereof, all as though the Mortgagee were named therein instead of the Railway Company; and

(c) all goods, inventory, machinery, apparatus, equipment, tools, materials, supplies and all other tangible personal property now owned or hereafter acquired by the Railway Company, including without limitation all such property which is attached to, located on or used in connection with any of said lines of railroad or other property; and

(d) all accounts (as that term is used in the applicable Uniform Commercial Code) and other rights to receive the payment of money, including without limitation receivables, rights to receive the payment of money under present or future contracts or agreements (whether or not earned by performance) and all chattel paper (as that term is used in such Uniform Commercial Code); and

(e) any proceeds of and any unearned premiums on any insurance policies now or hereafter covering any part of the Collateral, including the right to receive and apply the proceeds of any insurance, judgments or settlements made in lieu thereof; and

(f) any awards or payments, including interest thereon, which may be made with respect to any part of the Collateral, whether in connection with the exercise of the right of eminent domain (including any transfer made in lieu of the exercise of said right) or in connection with any other injury to or decrease in value of any part of the Collateral; and

(g) all other property, assets and things of value of every kind and nature, tangible or intangible, absolute or contingent, legal or equitable, which the Railway Company may be possessed of or entitled to; and

(h) the right, in the name of the Railway Company, to appear in and defend any action or proceeding brought with respect to the Collateral and to commence any action or proceeding to protect the interest of the Railway Company in the Collateral.

THIRD. Any and all additions, improvements and betterments to or upon or in connection with any and all lines of railroad, premises and property which, or any estate, right or title to or interest in which, shall at any time be subject to this Mortgage, and all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in equity as in law, of the Railway Company of, in and to such lines of railroad, premises and property and every part and parcel thereof and of, in and to the appurtenances and franchises appertaining or hereafter to appertain thereto.

FOURTH. Any and all other property of every kind and description, including money, shares of stock, notes, bonds, deposits and other obligations, whether owned by the Railway Company at the date of the execution and delivery of this Mortgage or hereafter acquired by it.

FIFTH. Any and all property of every kind and description, including money, shares of stock, notes, bonds, deposits and other obligations, which from time to time after the date of the execution and delivery of this Mortgage by delivery or by writing of any kind shall have been Mortgaged by the Railway Company, or by anyone on its

behalf, to the Mortgagee (who is hereby authorized to receive at any and all times any property as and for additional security for the payment, performance and observance of the Obligations and to hold and apply any and all such property subject to the terms hereof).

SIXTH. Any and all tolls, revenues, earnings, rents, issues, profits, products, proceeds and other income in respect of the foregoing.

TO HAVE AND TO HOLD the foregoing railroads, premises, properties, real and personal, rights, franchises, estates and appurtenances, hereby conveyed and assigned, or intended to be conveyed or assigned, unto the Mortgagee, its successors and their respective assigns forever.

SUBJECT, HOWEVER, as to the Collateral identified in Annex III to this Mortgage, to the Liens (as such term is defined in the Purchase Agreement) described in Annex III to this Mortgage, and subject, as to all Collateral, to any Liens described in Annex IV to this Mortgage, in each case to the extent, but only to the extent, that in law any such Lien shall constitute a Lien of record against any part of the Collateral prior to the lien of this Mortgage (all such Liens described in Annexes III and IV to this Mortgage being hereinafter collectively called the "Permitted Encumbrances"); provided, however, that the Mortgagee upon the happening of any Event of Default (as such term is defined in the Notes) shall have and may exercise any and all rights of the Railway Company to terminate any such Permitted Encumbrance.

PROVIDED, HOWEVER, that these presents are upon the condition that if the Railway Company shall pay or cause to be paid to GECC, the Noteholders and all other Persons entitled to the benefit of the Obligations the amount thereof, including the principal, premium and interest payable in respect to the Notes, at the time and in the manner stipulated therein and herein, all without any deduction or credit for taxes or other similar charges paid by the Railway Company, and if the Railway Company shall keep, perform and observe all and singular the covenants and promises in the Notes and any renewal, extension or modification thereof, and in this Mortgage and the Purchase Agreement expressed to be kept, performed and observed by and on the part of the Railway Company, all without delay, then this Mortgage and all the interest and rights hereby Mortgaged, shall cease, determine and be void, but shall otherwise remain in full force and effect.

The Collateral Mortgaged pursuant to this Mortgage secures not only existing indebtedness, but also indebtedness for future advances made within 20 years from the date hereof. The maximum amount of all indebtedness secured by this Mortgage is \$100,000,000. Capitalized terms used herein and not defined herein shall have the respective meanings assigned thereto in the Purchase Agreement.

ARTICLE I

Certain Representations and Covenants

SECTION 1.1. Further Assurances. All Collateral, by this Mortgage covenanted to be Mortgaged, and any Collateral at any time acquired by the Railway Company and required by this Mortgage to be Mortgaged shall, immediately upon the acquisition thereof by the Railway Company and without any further act, become and be subject to the lien of this Mortgage as fully and completely as though now owned by the Railway Company and specifically described in the Granting Clauses hereof; but, at any and all times, the Railway Company will make and deliver any and all such further assurances or conveyances or assignments thereof as the Mortgagee may reasonably require, for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage; and the Railway Company will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, conveyances, transfers and assurances as shall be necessary or reasonably requested by the Mortgagee for such purpose.

SECTION 1.2. Title to Collateral; Liens. The Railway Company represents, warrants, covenants and agrees that it is lawfully seized and possessed of, and has good and marketable title (subject to Permitted Encumbrances) to, said Collateral herein Mortgaged, has a good right to Mortgage such Collateral, and that such Collateral is free from all Liens except Permitted Encumbrances, and, except as aforesaid, the Railway Company and its successors and assigns forever warrant and will defend the title to same against all claims and demands whatsoever.

Except for Permitted Encumbrances, the Railway Company will not create or suffer to exist any Lien upon the Collateral, or any part thereof, or upon the income thereof. The Railway Company will pay or cause to be discharged, or will make adequate provision to satisfy and discharge,

promptly and in any case prior to the due date thereof, all lawful claims and demands of mechanics, laborers and others which, if unpaid, might by law be entitled to a lien or charge upon the Collateral or some part thereof, or the income thereof; provided that the Railway Company shall not be required to pay any such claim or demand so long as the same shall be permitted to remain unpaid under Section 7.2 of the Purchase Agreement.

SECTION 1.3. Maintenance of Collateral; Insurance. The Railway Company will at all times (a) diligently preserve all the rights and franchises to it granted and upon it conferred, (b) maintain, preserve and keep the rolling stock, fixtures, appurtenances and other Collateral subject to this Mortgage in good repair, working order and condition for its intended purpose, (c) keep the railroads, premises and other Collateral subject to this Mortgage supplied with all necessary motive power, rolling stock and equipment and (d) make all needful repairs, renewals and replacements, alterations, additions, betterments and improvements. The Railway Company will at all times preserve its corporate existence. The Railway Company will maintain or cause to be maintained, with financially sound and reputable insurers, insurance with respect to the Collateral and its business against loss or damage of the kinds customarily insured against by corporations of established reputation engaged in the same or similar businesses and similarly situated, of such types and in such amounts as are customarily carried under similar circumstances by such other corporations; provided, however, that the Railway Company will at all times maintain such insurance as shall be required pursuant to Section 6.4 of the Purchase Agreement.

SECTION 1.4. Recording of Mortgage. The Railway Company, at its own cost and expense, will cause this Mortgage, and will execute and cause all mortgages, amendments and instruments supplemental hereto and all financing statements and other documents, to be recorded and filed and to be kept recorded and filed in such manner, at such times and in such places as may be required by law or necessary or advisable or reasonably requested by the Mortgagee in order fully to establish, preserve, protect and perfect the first and prior lien of this Mortgage, the security of the Noteholders and the rights of GECC, the Mortgagee and all other Persons entitled to the benefit of the Obligations.

SECTION 1.5. Access by Mortgagee. The Railway Company agrees that it will (a) during business hours and,

upon prior written notice, at other reasonable times, permit access by the Mortgagee to its books and records, offices, insurance policies and other papers for examination and making of copies and extracts; (b) from time to time prepare such reports and schedules as the Mortgagee may request; and (c) permit the Mortgagee and its agents, at all reasonable times, to enter on and inspect the Collateral.

SECTION 1.6. Taxes and Impositions. The Railway Company agrees that if any Federal, state or municipal government, or any of its subdivisions having jurisdiction, shall levy, assess or charge any tax, assessment or imposition upon this Mortgage or the Obligations or the interest of the Mortgagee in the Collateral or any thereof or upon Mortgagee (excepting therefrom any income tax on interest payments on the principal portion of the indebtedness secured hereby), the Railway Company shall pay all such taxes, assessments and impositions to or for Mortgagee as they become due and payable.

ARTICLE II

Remedies and Other Rights

SECTION 2.1. Remedies. If there shall occur and be continuing under any Note an Event of Default (as defined therein), then and in each and every such case the Mortgagee, personally, or by its agents or attorneys, may, at the expense of the Railway Company and the Collateral, at any time and from time to time, to the fullest extent allowed by applicable law:

(a) enter into and upon all or any part of the Collateral, including the railroads, rolling stock, property and premises, lands, rights, interest and franchises hereby Mortgaged or intended so to be, and each and every part thereof, and exclude the Railway Company therefrom; use, operate, manage and control all or any part of the Collateral, regulate the tolls for the transportation of passengers and freight thereon, and conduct the business thereof; by purchase, repairs or construction, maintain and restore, and insure or keep insured, all or any part of the Collateral and any property used in connection with all or any part of the Collateral, or convert all or any part of the Collateral to any other use which the Mortgagee shall in its sole discretion determine; make all necessary, useful or proper repairs, renewals, replacements, alterations,

additions, betterments and improvements, as the Mortgagee may in its sole discretion determine; manage the Collateral and carry on the business and exercise all rights and powers of the Railway Company, either in the name of the Railway Company or otherwise, as the Mortgagee shall in its sole discretion determine; and collect and receive all tolls, earnings, income, rents, issues, profits and proceeds of the same and every part thereof; or

(b) foreclose upon, sell, assign, transfer and deliver, subject to any or all then existing Liens thereon, all or any portion of the Collateral, including all the rights, title, estates, railroads, equipment, inventory, receivables, franchises, leases, leasehold interests, contracts and appurtenances, stocks and bonds, and all other property of every name and nature, and all or any estate, right, title and interest, claim and demand therein, and right of redemption thereof, at any private sale or public auction with or without demand, advertisement or notice (except as may be required by applicable law) of the date, time and place of sale and any adjournment thereof, for cash or credit or other property, for immediate or future delivery and for such price or prices and on such terms as the Mortgagee, in its sole discretion, may determine, or as may be required by applicable law; or

(c) proceed to protect and to enforce its rights and the rights of GECC, the Noteholders and all other Persons entitled to the benefit of the Obligations under this Mortgage, by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein or in the Purchase Agreement or the Notes, or in aid of the execution of any power herein or therein granted, or for the foreclosure of this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy, as the Mortgagee shall deem effectual to protect and enforce any of its rights or duties under this Mortgage or the rights of GECC, the Noteholders and all other Persons entitled to the benefit of the Obligations; or

(d) exercise any rights or remedies given to secured parties under the applicable Uniform Commercial Code or exercise any statutory power of sale or any other right given to mortgagees under any applicable

law; the Railway Company agrees that 15 days' prior written notice of the time and place of any public sale or the time after which a private sale of all or any portion of the Collateral may be made is reasonable for all purposes of the Uniform Commercial Code; or

(e) exercise any remedies available under the Notes; or

(f) any combination of the foregoing.

SECTION 2.2. Direction by GECC or Noteholders.

Upon the written direction of GECC or the holders of two-thirds in principal amount of the Notes then outstanding, it shall be the duty of the Mortgagee, upon being indemnified as hereinafter provided, to take all steps needful for the protection and enforcement of its rights and the rights of GECC, the Noteholders and all other Persons entitled to the benefit of the Obligations, and to exercise the powers herein conferred, or to take appropriate judicial proceedings by action, suit or otherwise as so directed by GECC or the Noteholders, as the case may be, and as the Mortgagee shall deem most expedient in the interest of such Persons. The Mortgagee shall not be required to take any such action directed by GECC or the Noteholders unless the Mortgagee shall have been indemnified by GECC or the Noteholders, as the case may be, in a manner reasonably satisfactory to it, against costs, expenses and other liabilities incurred in connection with such action.

SECTION 2.3. Power to Convey Title.

Upon any conveyance, assignment or transfer under this Mortgage, the Mortgagee shall have the power to execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or deeds and other instruments conveying, assigning and transferring the Collateral sold. The Mortgagee and its successors in trust hereby are irrevocably appointed the true and lawful attorneys of the Railway Company, in its name and stead, to make all such conveyances, assignments and transfers of the Collateral; and, for that purpose, the Mortgagee may execute all requisite deeds and instruments of conveyance, assignment and transfer, and may, with the approval of GECC, substitute one or more Persons with like power; the Railway Company hereby ratifying and confirming all that its said attorneys or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, the Railway Company shall, if so requested by the Mortgagee, ratify and confirm any conveyance, assignment or transfer by executing and delivering to the Mortgagee or to such

purchaser or purchasers all such instruments as may be requested by the Mortgagee.

SECTION 2.4. Effect of Sale. Any conveyance, assignment or transfer made under or by virtue of this Mortgage, whether under the power of sale herein granted and conferred or under or by virtue of judicial proceedings, shall operate to divest all estate, right, title, interest, claim and demand whatsoever, either at law or in equity, of the Railway Company of, in and to the Collateral so conveyed, assigned or transferred, and shall be a perpetual bar, both at law and in equity, against the Railway Company, its successors and assigns, and against any and all persons claiming or to claim the Collateral conveyed, assigned or transferred, from, through or under the Railway Company, its successors or assigns.

SECTION 2.5. Purchaser Discharged. The receipt of the Mortgagee for the consideration paid at any such conveyance, assignment or transfer shall be a sufficient discharge therefor to any purchaser of the Collateral; and no such purchaser or his representatives, grantees or assigns, after paying such consideration and receiving such receipt, shall be bound to see to the application of such consideration or any part thereof upon or for any trust or purpose of this Mortgage, or in any manner whatsoever be answerable for any loss, misapplication or nonapplication of any such consideration or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 2.6. Application of Proceeds. The proceeds of any exercise of remedies hereunder, whether made under the right of entry or the power of sale herein granted or pursuant to judicial proceedings or otherwise, together with any other sums which then may be held by the Mortgagee under any of the provisions of this Mortgage, shall be applied as follows:

FIRST. To the payment of the costs and expenses of the Mortgagee, its agents, attorneys and counsel, and of all expenses, liabilities and advances made or incurred by the Mortgagee in managing and maintaining the Collateral, the costs and expenses of effecting any conveyance, assignment or transfer hereunder and to the payment of all taxes, assessments or other Liens, except Liens subject to which any Collateral shall have been sold;

SECOND. To the payment of any and all amounts then due and owing and unpaid to GECC pursuant to the Purchase Agreement;

THIRD. To the payment of the whole amount then due and owing or accrued and unpaid upon the Notes for principal and interest accrued to the date of distribution, and, in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Notes, then to the payment of the principal of and interest accrued to the date of distribution on the Notes, without preference or priority of any Note over any other Note, or of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and accrued and unpaid interest;

FOURTH. To the payment of any and all other Obligations at the time due and owing to the Persons entitled thereto; and

FIFTH. If the Notes shall not have been paid in full pursuant to the preceding paragraph Third, to the Mortgagee to be held as additional Collateral or, if the Notes shall have been paid in full, the surplus, if any, to the Railway Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

SECTION 2.7. Waiver of Rights. The Railway Company agrees, to the fullest extent allowed by applicable law, that it will not at any time insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any stay or extension law, now or at any time hereafter in force; nor will it claim, take or insist upon any benefit or advantage from any law now or hereafter in force providing for the valuation or appraisement of the Collateral, or any part thereof, prior to any disposition thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor will it insist upon, or be entitled to, the fixing of an upset price upon the Collateral, or any part thereof, in connection with any such sale; nor after any such disposition will it claim or exercise any right under any statute heretofore or hereafter enacted, or otherwise, to redeem the Collateral so sold or any part thereof; and the Railway Company, for itself and

all Persons claiming under or through it, hereby expressly waives, to the fullest extent allowed by applicable law, all such rights and all benefit and advantage of any such law or laws, and it covenants and agrees, to the fullest extent allowed by applicable law, that it will not hinder, delay or impede the execution of any power herein granted or delegated to the Mortgagee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. In addition, the Railway Company, for itself and all Persons claiming under or through it, to the fullest extent allowed by applicable law, hereby (a) agrees that, if any Collateral proposed to be conveyed, assigned or transferred hereunder should be situated in two or more states, counties or judicial districts, the Mortgagee and its successors in trust shall have full power in connection with such conveyance, assignment or sale to select in which state, county or judicial district any or all such Collateral shall be conveyed, assigned or transferred, and (b) waives, on behalf of itself and all Persons now or hereafter interested in the Collateral, to the fullest extent allowed by applicable law, all rights under all appraisement, homestead, moratorium, valuation, exemption, stay, extension and marshalling statutes, laws or equities now or hereafter existing and agrees that no defense based on any thereof will be asserted in any action enforcing this Mortgage.

SECTION 2.8. Delay Not Waiver. No delay or omission of the Mortgagee or of any Noteholder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein; and every power and remedy given by this Mortgage may be exercised from time to time, and as often as may be deemed expedient, by the Mortgagee.

SECTION 2.9. Abandonment Not Waiver. In case the Mortgagee shall have proceeded to enforce any right under this Mortgage by foreclosure, entry or otherwise, and such proceeding shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Mortgagee, then, and in every such case, the Railway Company and the Mortgagee shall severally and respectively be restored to their former positions and rights hereunder in respect of the Collateral, and all rights, remedies and powers of the Mortgagee and of the Railway Company shall continue as though no such proceedings had been taken.

SECTION 2.10. Right to Buy at Sale. To the fullest extent allowed by applicable law, the Mortgagee, GECC, any Noteholder or any other Person entitled to the benefit of any Obligation may be a purchaser of the Collateral or any part thereof or any interest therein at any sale thereof, whether pursuant to foreclosure or power of sale or otherwise. The Mortgagee may apply against the purchase price therefor the amount then due in respect of the Obligations, and any other Person entitled to the payment of any Obligation may apply against the purchase price therefor the amount thereof then due and owing to such Person, the payment of which this Mortgage by its terms secures, which shall, upon distribution of the net proceeds of such sale, be payable to such Person. The Mortgagee or any such Person shall, upon any such purchase, acquire all right, title and interest of the Railway Company to the property so purchased, free of the lien of this Mortgage.

SECTION 2.11. Appointment of Receiver. The Mortgagee shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Mortgagee or any successor or nominee thereof) for all or any part of the Collateral, whether such receivership be incidental to a proposed sale of Collateral or the taking of possession thereof or otherwise, and the Railway Company hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers with respect to the Collateral to the extent instructed to do so by the Mortgagee.

ARTICLE III

Releases of Collateral

SECTION 3.1. Surplus Collateral. From time to time, the Railway Company, subject to the conditions and limitations in this Article prescribed, and not otherwise, may request permission to sell, and the Mortgagee, upon the delivery to the Mortgagee of the resolutions, opinion and certificates required by Section 3.6 may release from the lien of this Mortgage, any Collateral which it shall no longer be necessary or expedient or advantageous, in the opinion of the Mortgagee, to retain for the operation, maintenance or use of the lines of railroad then subject to this Mortgage, or for use in the business of the Railway Company.

SECTION 3.2. Joint Depot and Terminal Facilities.

From time to time, the Railway Company, subject to the conditions and limitations in this Article prescribed, and not otherwise, may, for the purpose of providing joint depot and terminal facilities with other railroads, request permission to sell parts of its tracks or other property, or grant trackage rights over such tracks, or make other arrangements, to or with any terminal company or union depot company or other railroad company with which it may enter into arrangements for such joint depot and terminal facilities; provided (a) that, in the opinion of the Mortgagee, the Railway Company is not thereby prevented from maintaining and operating a continuous railroad system as theretofore operated, (b) that the Railway Company secures and pledges or assigns under this Mortgage contracts giving it the right to use such joint depot or terminal facilities upon substantially equal terms with the other companies using the same and (c) that, in the opinion of the Mortgagee, the value of the property sold or the rights parted with and the value of the rights, moneys and property obtained shall be commensurate; and the Mortgagee, upon the delivery to the Mortgagee of the resolutions, opinion and certificates required by Section 3.6, may release the property so sold.

SECTION 3.3. Removed or Abandoned Property.

The Mortgagee may, from time to time, release from the lien of this Mortgage any franchise or portion thereof which is to be or shall have been surrendered by the Railway Company, and any tracks and structures which are to be or shall have been removed or abandoned by it; provided (a) that such surrender of franchise or such removal or abandonment of tracks or structures shall be or shall have been made pursuant to any agreement with a state, municipality or other political division or subdivision of a state, or to legal requirement, and shall have been duly authorized by all public authorities, if any, having jurisdiction in the premises, (b) that the Railway Company, so far as may be permitted by law, shall retain all franchises, tracks and structures necessary or proper to entitle it to maintain and operate a continuous railroad system as theretofore operated and (c) that, in the opinion of the Mortgagee, the value of the security afforded by this Mortgage shall not be, in any way, impaired or prejudiced thereby.

SECTION 3.4. Governmental Taking.

Should any part of the Collateral be taken by the exercise of the power of eminent domain or should any governmental body or agency, at any time, exercise any right which it might have to

purchase any part of the Collateral, the Mortgagee may release from the lien of this Mortgage the Collateral so taken or purchased, and shall be protected in doing so upon being furnished with an opinion of counsel satisfactory to the Mortgagee to the effect that such Collateral has been taken by exercise of the power of eminent domain or purchase by a governmental body or agency in exercise of a right which it had to purchase the same.

SECTION 3.5. Replacement of Equipment; Amendment of Leases. The Railway Company shall have full power, in its discretion, from time to time in the ordinary course of business, to dispose of any portion of the tracks, ties, rails, switches, frogs, other track materials, piles, structures, equipment, machinery, apparatus, implements and other portable personal property at any time held subject to the lien hereof (hereinafter called "Removable Property"), which may have become obsolete or otherwise unfit for use upon the Collateral, first or simultaneously replacing the same by new Removable Property of at least equal value, which shall become subject to the lien of this Mortgage; provided, however, that the Railway Company shall not have the power to dispose of Removable Property pursuant to this Section 3.5 in any fiscal year with an aggregate book value in excess of \$500,000; provided further, however, that for purposes of such \$500,000 limitation there shall be excluded, and the Railway Company shall have full power, without restriction (subject to the foregoing replacement requirements), from time to time in the ordinary course of business to dispose of, (i) Removable Property customarily replaced in the ordinary course of railroad maintenance or rehabilitation, which may have become obsolete or otherwise unfit for use upon the Collateral, and (ii) any item of Removable Property rendered unfit for use upon any casualty thereto covered by insurance, but for purposes of exclusion from the foregoing \$500,000 limitation the book value of any item of Removable Property excluded therefrom pursuant to this clause (ii) shall be excluded only to the extent of insurance proceeds received with respect to such item.

The Railway Company without the consent of the Mortgagee may cancel, change, amend or supplement any leases or trackage agreements at any time subject to the lien of this Mortgage but, in such event, any changed, amended or supplemented lease or trackage agreement shall be subject to this Mortgage in the same manner and to the same extent as that previously existing; provided, however, that, prior to any such cancelation, change, amendment or supplement, (a) a certificate of the President and the Chief Financial Officer

of the Railway Company shall have been furnished to the Mortgagee stating that such action in their opinion is advantageous to the Railway Company, does not impair the security afforded by this Mortgage and does not operate to prevent the Railway Company from maintaining and operating a continuous railroad system as theretofore operated, (b) a copy of a resolution of the Board of Directors of the Railway Company approving such action shall also have been delivered to the Mortgagee and (c) the Mortgagee shall have been given not less than 15 days' prior notice of such action and shall not have objected thereto.

SECTION 3.6. Resolutions, Certificates and Opinions. The Mortgagee shall not release Collateral from the lien of this Mortgage pursuant to Section 3.1 or 3.2 unless, in addition to satisfaction of the conditions to such release therein described, the Mortgagee shall have received:

(a) a copy of a resolution of the Board of Directors of the Railway Company, certified by its Secretary, requesting such release and describing the Collateral so to be released;

(b) a certificate signed by the President and by the Chief Financial Officer of the Railway Company setting forth:

(i) a description of the Collateral the release of which is requested;

(ii) the selling price of such Collateral and a description of, and the cost and fair value to the Railway Company of, any consideration (other than cash) to be received in exchange therefor;

(iii) that the fair value of such Collateral is not greater than the fair value of the consideration to be received therefor; and

(iv) such matters as it shall be necessary to establish in order to show that the release of such Collateral is authorized under the provisions and restrictions of this Article;

(c) any instruments necessary or appropriate or requested by the Mortgagee to subject to the lien of this Mortgage the consideration for the Collateral so to be released;

(d) in case the release of Collateral is requested which is valued by the Mortgagee or by the President and Chief Financial Officer of the Railway Company at \$50,000 or more, a certificate of an independent engineer selected by the Railway Company and satisfactory to the Mortgagee setting forth that the fair value of the Collateral to be released is not greater than the consideration to be received therefor;

(e) an opinion of counsel satisfactory to the Mortgagee:

(i) stating that, except for conditions to release which are within the discretion of the Mortgagee, the release requested is authorized by the provisions of this Article and that the resolutions, certificates and other instruments which have been or are therewith delivered to the Trustee conform to the requirements of this Mortgage and constitute sufficient authority under this Mortgage for the Mortgagee to execute and deliver the release requested and that, upon the basis of the consideration described in the certificate delivered to the Mortgagee pursuant to paragraph (b) of this Section, the Collateral may properly be released from the lien of this Mortgage pursuant to such request;

(ii) stating that any indebtedness included in the consideration for the Collateral so to be released is duly secured by a valid purchase money mortgage constituting a lien upon the Collateral to be released free and clear of all prior Liens;

(iii) in case the consideration for the Collateral to be released, or any part thereof, consists of property other than cash, specifying the mortgages, deeds, conveyances, assignments, transfers and instruments of further assurance which will be sufficient to subject to the lien of this Mortgage such other property or stating that such other property is then subject to the lien of this Mortgage and that no such mortgage, deed, conveyance, assignment, transfer or instrument of further assurance is necessary for such purpose; and

(iv) in case the consideration for the Collateral to be released, or any part thereof,

consists of property other than cash, stating that the Railway Company has acquired good title thereto (or good title subject only to such Liens as do not, in the opinion of such counsel, impair the use of such property by the Railway Company), and that the same and every part thereof is free and clear of all Liens prior to or on a parity with the lien of this Mortgage, except taxes (remaining payable without penalty), and stating also that the Railway Company has lawful power to acquire, own and use such other property or rights in its business.

The resolutions, opinions and certificates so to be furnished to the Mortgagee may be received by the Mortgagee as conclusive evidence of any of the facts, or of the continuance of any condition, or of anything by this Article required to be established or shown in order to authorize the action sought in respect of any Collateral forming the subject of such resolutions and certificates, and shall be full warrant to the Mortgagee for any action taken on the basis thereof; but the Mortgagee, in its discretion, may require at the cost and expense of the Railway Company such further and additional evidence as to the Mortgagee may seem desirable.

ARTICLE IV

Miscellaneous

SECTION 4.1. Nature of Instrument. This instrument may be construed as a mortgage, security agreement, chattel mortgage, conveyance, assignment, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

SECTION 4.2. Termination. Notwithstanding any provision of this Mortgage to the contrary, if all of the Obligations shall be paid, performed and discharged in full, the Mortgagee shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of the Railway Company and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be appropriate, and this Mortgage shall become null and void, the Collateral shall revert to the Railway Company, and all powers and appointments granted herein shall cease and determine.

Otherwise, this Mortgage shall remain and continue in full force and effect.

SECTION 4.3. Severability. If any provision hereof is invalid, illegal or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be liberally construed in favor of the Trustee in order to effectuate the provisions hereof, and the invalidity, illegality or unenforceability of any provision hereof in any jurisdiction shall not affect the validity, legality or enforceability of any such provision in any other jurisdiction.

SECTION 4.4. Survival. All agreements, representations and warranties made herein shall survive the execution and delivery of this Mortgage.

SECTION 4.5. Notices. Any notice or other communication herein required or permitted to be given shall be in writing and shall be sent in the manner and with the effect provided in the Purchase Agreement and the Notes. Any such notice or other communication to the Mortgagee, shall be addressed as specified on the signature pages of this Mortgage.

SECTION 4.6. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Mortgage, or consent to any departure by the Railway Company therefrom, shall in any event be effective without the written concurrence of the Mortgagee. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Railway Company in any case shall entitle the Railway Company to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section shall be binding upon GECC, the holders from time to time of the Notes, all other Persons from time to time entitled to the benefit of the Obligations and, if signed by the Railway Company, the Railway Company. In the event of any such amendment, modification, termination, waiver or consent, the Railway Company shall give prompt notice thereof to GECC and all Noteholders and, if appropriate, notation thereof shall be made on all Notes thereafter surrendered for registration of transfer or exchange.

SECTION 4.7. Headings. Article and Section headings in this Mortgage are included herein for convenience of reference only and shall not constitute a part of this Mortgage for any other purpose or be given any substantive effect.

SECTION 4.8. Applicable Law. This Mortgage has been executed and delivered in New York, New York, and shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York, except to the extent that the laws of other jurisdictions shall be mandatorily applicable hereto.

SECTION 4.9. Successors and Assigns. The terms and provisions of this Mortgage shall inure to the benefit of the Mortgagee, GECC, the holders from time to time of the Notes and all other Persons from time to time entitled to the benefit of any Obligation. This Mortgage shall be binding upon the parties hereto, GECC, the holders of the Notes, all other Persons entitled to the benefits of the Obligations and their respective successors and assigns.

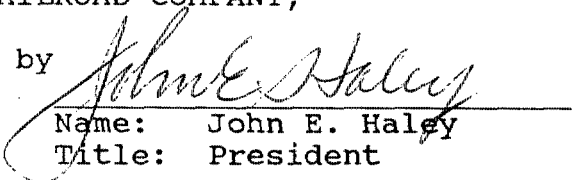
SECTION 5.10. Counterparts. This Mortgage and any amendments, waivers, consents or supplements may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, CHICAGO, CENTRAL & PACIFIC RAILROAD COMPANY has caused this Mortgage to be signed in its corporate name by its President or a Vice President, and its corporate seal to be hereunto affixed and the same to be attested by the signature of its Secretary or an Assistant Secretary; and the Mortgagee has caused this Mortgage to be signed by its duly authorized officer or agent, all as of the date first above written. The Railway Company hereby

declares and acknowledges that it has received, without charge, a true copy of this Mortgage.

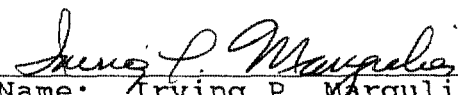
CHICAGO, CENTRAL & PACIFIC
RAILROAD COMPANY,

by


Name: John E. Haley
Title: President

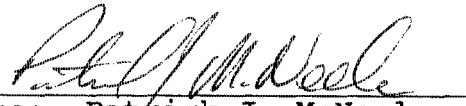
[Corporate Seal]

Attest:


Name: Irving P. Margulies
Title: Assistant Secretary

GENERAL ELECTRIC CREDIT
CORPORATION, as Mortgagee,

by


Name: Patrick J. McNeela
Title: Manager Rail-Financing

The name and address of the Railway Company is:

CHICAGO, CENTRAL & PACIFIC RAILROAD COMPANY
1006 East 4th Street
Waterloo, Iowa 50703

The Name and Address of the Mortgagee is:

GENERAL ELECTRIC CREDIT CORPORATION
1600 Summer Street
Stamford, Connecticut 06905
Attention: Manager--Operations,
Transportation and
Industrial Financing
Division

This instrument prepared by and should be returned to:

CRAVATH, SWAINE & MOORE
One Chase Manhattan Plaza
New York, New York 10005
Attention: N. P. Westreich, Esq.

ACKNOWLEDGMENTS

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

I, the undersigned, a notary public in and for said county and said state, hereby certify that JOHN E. HALEY whose name as President of CHICAGO, CENTRAL & PACIFIC RAILROAD COMPANY, a Delaware corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand and seal on this the 21st day of
December 1985.

(SEAL)

Joseph D. Pignatelli
Notary Public
My Commission Expires:

JOSEPHINE D. PIGNATELLI
NOTARY PUBLIC, State of New York
No. 24-832350
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1981

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

I, the undersigned, a notary public in and for said county and said state, hereby certify that PATRICK J. McNEELA whose name as Manager Rail-Financing of GENERAL ELECTRIC CREDIT CORPORATION, a New York corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand and seal on this the 21st day of
December 1985.

(SEAL)

Jon A. Aguateres
Notary Public
My Commission Expires:

JOSEPHINE D. PIGNATELLI
NOTARY PUBLIC, State of New York
No. 24-8872250
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1984

In addition to the real property described above,
the Collateral acquired from ICG includes the following
properties and rights:

A. EQUIPMENT:

LOCOMOTIVES

<u>UNIT NUMBER</u>	<u>UNIT TYPE</u>
8012	GP10
8019	GP10
8023	GP10
8032	GP10
8033	GP10
8039	GP10
8041	GP10
8044	GP10
8045	GP10
8055	GP10
8058	GP10
8059	GP10
8063	GP10
8065	GP10
8077	GP10
8111	GP10
8114	GP10
8121	GP10
8150	GP10
8159	GP10
8163	GP10
8165	GP10
8169	GP10
8170	GP10
8181	GP10
8188	GP10
8190	GP10
8234	GP10
8258	GP10
8260	GP10
1300	SW13
1301	SW13
1428	SW14
7904	GP-8
7905	GP-8
7983	GP-8
7984	GP-8

LOCOMOTIVES - cont.

<u>UNIT NUMBER</u>	<u>UNIT TYPE</u>
7985	GP-8
7989	GP-8
7990	GP-8
7991	GP-8
7992	GP-8
7993	GP-8
9315	GP-9
9376	GP-9
9388	GP-9
9400	GP18
9402	GP18
9405	GP18
9406	GP18
9408	GP18
9409	GP18
9413	GP18
9414	GP18
9415	GP18
9416	GP18
9417	GP18
9420	GP18
9426	GP18
9427	GP18
9428	GP18
9438	GP28
9439	GP28
9440	GP28

TOTAL 64 UNITS
CABOOSES

<u>CABOOSE NUMBER</u>	<u>CABOOSE NUMBER</u>
199502	199042
199506	199056
199508	199045
199514	199020
199509	199049
199523	199052
199526	199004
199527	199016
199534	199048
199521	199661
199002	199043
199011	199044
199057	199053
199655	199003
199036	199046

TOTAL 30 Units

LOCOMOTIVES
(Not Serviceable)

8002	GP10
8005	GP10
8035	GP10
8056	GP10
8079	GP10
8093	GP10
8134	GP10
8171	GP10
8179	GP10
8194	GP10
8199	GP10
8211	GP10
8233	GP10
8254	GP10
8269	GP10

TOTAL UNITS 15

Including parts and equipment sufficient to restore the above units to serviceable condition in conformance with FRA standards.

OPEN TOP HOPPER CARS - 100-Ton Capacity

IC 086104	IC 086109	IC 086112	IC 086131	IC 086146	IC 086161
IC 086167	IC 086168	IC 086174	IC 086180	ICG361109	ICG361110
ICG361119	ICG361137	ICG361162	ICG361221	ICG361225	ICG361230
ICG361236	ICG361282	ICG361296	ICG361299	ICG361313	ICG361326
ICG361336	ICG361366	ICG361374	ICG361382	ICG361406	ICG361424

TOTAL 30 Cars

GONDOLAS

CAR NOS.	ICG 245000
	245004
	245006
	245013
	245014
	245015
	245017
	245020
	245023
	245026
	245029
	245030
	245034
	245035
	245036
	245040
	245043
	245044
	245046
	245047
	245050
	245052
	245053
	245055
	245056
	245057
	245058
	245060
	245062
	245065
	245072
	245081
	245082
	245086
	245090
	245091
	245092
	245095
	245097
	245099

TOTAL Cars 40

Communication and signal tools, equipment and supplies on Rail Line.

Bridge and Building tools, equipment and supplies on Rail Line.

Pile Driver ICG 100460 with driver, leads and buckets.

Tender Car IC 4211

Idler Car ICG 101211

(11) B&B Tool Cars:

- ICX 2779 material
- ICX 3048 material
- ICX 1789 concrete
- ICX 1971 tool car
- ICX 2994 office & tool
- ICX 3071 office car
- ICX 2859 tool car
- ICX 2602 tool car
- ICX 3796 material
- ICX 3809 material
- ICX 2781 material

(3) Signal Cars on Rail Line:

- ICX 2264
- ICX 2600
- ICX 101557

(1) Rail Motor Car ICG 100473

(5) Air Compressors, with all attachments.

(3) Welding Sets, complete with wire, feed, grinders, Boute welding equipment and power expanders.

(6) Power Plants - generators and lighting.

Engineering instruments, tools, equipment and records.

Hyrrail gear and radios on all automotive equipment on Rail Line.

Handset and Packset radios existing on "Rail Line", including engine radios.

Complete Tariff File.

(20) Highly Visible Rear End Marking Devices (Placard Type).

Division Reports applicable to Rail Line (confidential handling required).

Rail Fastenings on Rail Line.

(2) Kline Trucks MD 7001 and MD 7003

(1) Second-Hand Roller Bearing Puller.

(1) Radial Drill Press (second hand).

1,000,000 gallons of Diesel Fuel.

(3) Sets of 26 Air Brake equipment.

(2) Sets of ABDW Air Brake equipment.

(12) D-77 Traction Motors.

(2) WBDRM Air Compressors

(2) 10-KW Auxillary Generators.

(12) 567-C Fork Power Assemblies.

(12) 567-C Blade Power Assemblies.

(6) 645-E Fork Power Assemblies.

(6) 645-E Blade Power Assemblies.

(12) Water Pumps.

Furnishings, Equipment, & Records in all offices on the line, excluding lease furnishing or equipment.

(12) Power Track Drills

	<u>Make</u>	<u>Model</u>
PTD-139	Nordberg	CD
245	"	CD
311	"	CD
326	"	CD
352	"	CD
368	"	CD
473	"	CD
569	"	CD
592	"	CD
632	"	CD
634	"	CD
364	"	CD

(12) Power Rail Saws

PRS-322	Racine	TK-16
378	"	TK-16
380	"	TK-16
432	"	TK-16
469	"	TK-16
471	Safetran	
486	Racine	TK-16
498	"	TK-16
547	"	TK-16
(*)	"	TK-16
(*)	"	TK-16
(*)	"	TK-16

13 Motor Cars

F-8975	Fairmont	S-12-H
F-8933	"	MT-19-A-14
F-8931	"	MT-14-L
F-8399	"	A3-D-2
F-8102	"	S-2-H-15
F-7785	"	S-2-F-3-40
F-8067	"	A3-D-1
F-8854	"	M-19
F-7077	"	A3-C-2
F-8872	"	A3-E-1
F-7587	"	M-19-E-4
F-7197	"	A-3-C-2
F-8167	"	A-3-D-2

<u>Co. No.</u>	<u>Make</u>	<u>Model</u>
(1) Derrick-Hand D-67	Fairmont	W-64-A-3
(1) Derrick-Hand D-68	Fairmont	W-64-A-3
(1) Derrick-Hand D-64	Fairmont	W-64-A-3
(1) Electric Welder EW 122	Miller	2DD A/C-DF
(1) Wire Drive RW 2	Auto Arc	4000 C
(1) Rail Grinder GG 189	Nordberg	DG
(1) Rail Puller SRP-19	Simplex	RPE-120
(1) Brush Cutter BC-7	Kershaw	10-6
(1) Bolt Tightener PBT-117	Nordberg	DW
(1) Bolt Tightener PBT-201	Raco	C
(1) Mowers-Tractors 6643	Oliver	770
(1) Mowers-Tractors 6681	John Deere	1020
(1) Mowers-Tractors 6665	IHC	2424
(1) Tractor-FEL CA 261	Case	580
(1) Tractor-Backhoe JD 260	John Deere	JD 310A
(1) Tractor-Backhoe 6605	Oliver	770
(1) Burrow Crane PR-40	Burro	30
(1) Anchor Applicator AA10	Racine	AF
(1) Anchor Applicator AA 18	Racine	AF
(1) Tamper Torsion Beam MT-123	Tamper, Inc.	ETBAG-6
(1) Tamper, Jr. MT-207J	Tamper, Inc.	UDM JSR
(1) Tamper Switch MT-300	Tamper, Inc.	NS
(1) Regulator BRC-29	Kershaw	26-2-2
(1) Air Compressor CR 234	LeRoi	150RG2E
(1) Spike Driver SD-205	1R	6PB8B
(1) Clamshell Bucket CB 52	Burro	58

<u>Description</u>	<u>Co. No.</u>
15 Snow Plows	ICX 8033
	8034
	8035
	8037
	8041
	8034
	8045
	8047
	8048
	8051
	8052
	8055
	8056
	8057
	8058
(1) Russell Snow Plow	ICX 8030
(1) Panel Car	ICG 920214
(1) Panel Car	905357
(12) Panel Rails	
(1) MT Flat For Use with Panel Rails	ICG 100649

TRACK MATERIALS

200 ton 90-lb. rail
100 ton 112-lb. rail
100 ton 115-lb. rail

100 pr. 90-lb. bars
50 pr 112-lb. bars
50 pr 115-lb. bars

1000 90-lb. tie plates
1500 112-lb. tie plates

10 90-lb. No. 8 turnouts complete
10 112-lb. No. 10 turnouts complete

20 kegs 1X 6 track bolts with washers
30 kegs new 5/8 track spikes

EXHIBIT A

FLAT CARS

GMO 74084	GMO 74087	GMO 74088	GMO 74552	IC 60202	IC 60212
IC 60216	IC 60232	IC 60233	IC 60237	IC 60242	IC 60258
IC 60266	IC 60267	IC 60284	IC 60286	IC 60292	IC 60294
IC 60332	IC 60359	IC 60441	IC 60443	IC 60446	IC 60468
IC 60479	IC 60483	IC 60490	IC 260514	IC 920464	IC 920470
IC 920603	IC 920607	IC 920656	IC 920677	IC 970573	IC 971513
ICG 920105	ICG 920196	ICG 920413	ICG 920474	ICG 920483	ICG 920501
ICG 920555	ICG 920561	ICG 920600	ICG 920608	ICG 920687	ICG 921807
ICG 971520	ICG 971535				

COVERED HOPPER CARS

GMO 081089	IC 056003	IC 056016	IC 056020	IC 056026	IC 056030
IC 056035	IC 056036	IC 056043	IC 056046	IC 056052	IC 056055
IC 056060	IC 056067	IC 056068	IC 056075	IC 056079	IC 056090
IC 056096	IC 056097	IC 056114	IC 056121	IC 056125	IC 056129
IC 056133	IC 056136	IC 056137	IC 056143	IC 056152	IC 056169
IC 056171	IC 056173	IC 056181	IC 056182	IC 056186	IC 056189
IC 056191	IC 056208	IC 056209	IC 056218	IC 056227	IC 056228
IC 056231	IC 056262	IC 056271	IC 056274	IC 056276	IC 056287
IC 056289	IC 056299	IC 056338	IC 056384	IC 056843	IC 056850
IC 056906	IC 056943	IC 056944	IC 056948	ICG 755150	ICG 764314
ICG 764340	ICG 764353	ICG 764361	ICG 764366	ICG 764383	ICG 764400
ICG 764403	ICG 764406	ICG 764466	ICG 764476	ICG 764490	ICG 764524
ICG 764525	ICG 764580	ICG 765609	IC 056011	IC 056023	IC 056033
IC 056041	IC 056077	IC 056087	IC 056091	IC 056111	IC 056119
IC 056128	IC 056132	IC 056144	IC 056147	IC 056168	IC 056175
IC 056184	IC 056198	IC 056205	IC 056211	IC 056213	IC 056217
IC 056221	IC 056232	IC 056247	IC 056248	IC 056283	IC 056296
IC 056913	IC 056915	IC 056938	IC 056939	IC 056940	IC 056942
ICG 755145	ICG 764402	ICG 764449	ICG 764455	ICG 764537	ICG 764545
IC 056028	IC 056057	IC 056070	IC 056095	IC 056105	IC 056127
IC 056150	IC 056164	IC 056178	IC 056202	IC 056206	IC 056223
IC 056233	IC 056246	IC 056250	IC 056269	IC 056292	IC 056293
IC 056845	IC 056846	IC 056849	IC 056908	IC 056911	IC 056920
IC 056923	IC 056925	IC 056936	IC 056949	IC 056952	IC 056965
ICG 755131	ICG 755138	ICG 764372	ICG 764374	ICG 764386	ICG 764460
ICG 764493	ICG 764543	ICG 764724	IC 056004	IC 056059	IC 056084
IC 056089	IC 056109	IC 056113	IC 056122	IC 056123	IC 056130
IC 056135	IC 056146	IC 056165	IC 056167	IC 056188	IC 056201
IC 056207	IC 056216	IC 056229	IC 056257	IC 056268	IC 056275
IC 056844	IC 056902	IC 056903	IC 056905	IC 056916	IC 056919
IC 056930	IC 056931	IC 056941	IC 056946	IC 056947	IC 056951
ICG 764339	IC 056369	IC 056917	ICG 755132	IC 056953	IC 056954
IC 056958	IC 056961	IC 056969	IC 056971	IC 056973	IC 056978
IC 056980	IC 056993				

TOTAL 200 CARS

B. CERTAIN RIGHTS:

All rights assigned to the Railway Company under a certain Assignment executed by ICG on the Closing Date with respect to licenses, leases, easements, trackage rights, joint facility agreements and all other assignable agreements applicable to the railroad lines acquired by the Railway Company from ICG.

Certain Other Collateral

All rights of the Railway Company under the Purchase and Sale Agreement made as of the 1st day of April, 1985, by and between ICG and the Railway Company, as amended, and all certificates, agreements and other instruments delivered to the Railway Company by ICG thereunder or entered into between the Railway Company and ICG pursuant thereto, including closing certificates, the agreements and instruments attached as exhibits to such Purchase and Sale Agreement and all indemnity and escrow agreements entered into in connection with the closing under such Purchase and Sale Agreement.

Specific Permitted Encumbrances

1. As to each item of Collateral described in Annex I to this Mortgage constituting an interest in real property, the liens, easements, licenses, agreements, restrictions and other matters affecting such item described in the title insurance policy with respect thereto delivered to the Mortgagee pursuant to Section 4.2 (n) of the Purchase Agreement, except such as would be disclosed by an accurate survey and inspection thereof and would materially detract from the value thereof or prevent the Railway Company from operating a continuous railroad system on the railroad lines acquired from ICG or otherwise have a material adverse effect on the business of the Railway Company or the Collateral.

2. As to accounts receivable of the Railway Company, any lien securing the Working Capital Indebtedness.

3. As to any Collateral constituting an interest in real property acquired other than pursuant to the Purchase and Sale Agreement, any liens, easements, licenses, agreements, restrictions and other matters affecting title thereto at the time of acquisition thereof which do not materially detract from the value thereof for the purpose acquired and do not involve the incurrence of Indebtedness by the Railway Company, other than Indebtedness permitted under the Purchase Agreement.

General Permitted Encumbrances

1. The lien of this Mortgage on the Collateral.
2. Liens for taxes, assessments or governmental charges or claims the payment of which is not at the time due or is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor.
3. Statutory Liens of landlords, carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums the payment of which is not at the time due or is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor.
4. Liens incurred on deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, other than any Lien imposed by or under ERISA.
5. Any interest or title of a lessor under any lease permitted by Section 7.8 of the Purchase Agreement.
6. Rights, to the extent of the seniority accorded by law, reserved to or vested in any governmental authority or agency or any municipality, by the terms of any franchise, grant, license or permit or by any provision of law, to terminate such franchise, grant, license or permit, or to purchase or appropriate or recapture, or to designate a purchaser of, any property or to demand and collect any tax or other compensation for the use of streets or other public places or to control or regulate any property.
7. Any other Liens, the existence and validity of which are at the time being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor; provided, however, that no such Lien shall be permitted if it shall otherwise cause an Event of Default under any of the Notes.